20 November 2014

This notice is important and requires your immediate attention.

EDCON HOLDINGS LIMITED ("EDCON")

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

AND QUARTERLY REPORT

FOR THE SIX-MONTH PERIOD ENDED 27 SEPTEMBER 2014

SUMMARY OF FINANCIAL AND OTHER DATA

The following Summary of Financial and Other Data should be read in conjunction with the Condensed Consolidated Financial Statements and related notes thereto in the second half of this notice. The unaudited historical financial data in the Summary of Financial and Other Data and the Condensed Consolidated Financial Statements of Edcon Holdings Limited and its subsidiaries (the "Group") attached hereto, relates to the six-month period ended 28 September 2013 and the six-month period ended 27 September 2014. Unless the context requires otherwise, references in this notice to "second quarter 2014" and "second quarter 2015" shall mean the 13-week period ended 28 September 2013 and the 13-week period ended 27 September 2014, respectively and (ii) "fiscal 2014" and "fiscal 2015" shall mean the 52-week period ended 29 March 2014 and the 52-week period ending 28 March 2015, respectively.

Throughout these reports Edgars refers to the Edgars division, which comprises Edgars, Red Square, Boardmans, Edgars Active, Edgars Shoe Gallery and our Mono-branded stores while Discount refers to the Discount division, which comprises Jet, Jet Mart and Legit.

The statements in this section regarding industry outlook, our expectation regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward looking statements. These forward looking statements are subject to numerous risks and uncertainties. Our actual results may differ materially from these contained in or implied by any forward looking statements.

Management discussion and analysis of financial consolidated condition

Highlights

Pertaining to the second quarter 2015 compared to second quarter 2014:

- Pro forma adjusted EBITDA up 1.0% to R486 million
- Gross margin maintained despite clearance activity
- Retail sales up 2.9% to R6.2 billion
- Retail sales from operations outside South Africa up 12.2%
- Increase in average space of 5.4%
- Working capital improvements

Introduction

On a sequential basis Edcon improved its profitability growth at both a gross profit and EBITDA level, despite a weaker macro-economic environment. Retail sales increased 2.9% and gross profit margins were well managed remaining at 35.8% although the inventory clearance held back our ability to drive margin improvements, at this stage. Pro forma adjusted EBITDA increased by 1.0%, after declining 24.0% and 6.6% in the previous two quarters. The stabilisation in EBITDA is mainly due to a well-managed gross profit margin and ongoing cost containment efforts, even as sales growth remains challenging with same store sales declining by 1%.

The consumer in South Africa remains under pressure and credit is still tight across the market. While cash sales grew 8.7%, credit sales within the Group declined 3.8% and contributed 43.5% of total sales in the second quarter 2015, down from 46.5% in the second quarter 2014.

Working capital remains a key focus and delivered a positive R310 million in cash flow compared to the negative R65 million cash flow needed in the prior comparative period. While R200 million of the R375 million improvement related to the sale of the trade receivables book, improvements in inventory and trade payables management contributed the balance. There has been sustained working capital improvements in both stock and accounts payable. The Group had a R78 million lower investment in stock when compared to the second quarter 2014 and a R440 million lower investment in stock year-to-date when compared to the prior year. Trade and other payables increased by R109 million more than the second quarter 2014.

The Edgars and Discount divisions are now trading on a more normalised basis following the investment in stores, product and pricing strategy changes over the last few years. While Edgars was weaker prior to and during the changes, we have seen consistently strong cash sales growth over the last few quarters, driven in part by the new brands launched. Edgars and Jet store chains remain iconic South African brands evidenced by their performance again in The Times/ Sowetan Retail Survey for 2014. Edgars won 1st place for women's clothing, 1st place for men's clothing and 1st place in the shoe store categories while Jet was awarded 3rd place in the kids and baby clothes categories. The awards are voted on by customers.

Trading review

Key operational data

	(unaudited) Retail sales growth (%)				(unaudited) Gross profit margin (%)		
	Q2:FY14 Actual	*Q2:FY15 Actual*	*Q2:FY14 LFL(1)*	*Q2:FY15 LFL(1)*	*Q2:FY14 Actual*	*Q2:FY15 Actual*	*pts change(2)*
Edgars	3.4	3.0	(1.6)	(1.7)	38.6	38.2	(0.4)
Discount	10.3	2.0	5.4	(1.0)	32.3	32.7	0.4
CNA	3.6	(3.7)	1.6	(4.6)	30.9	30.8	(0.1)
Edgars Zimbabwe(3)	(1.3)	33.3	(2.7)	27.3	48.7	45.0	(3.7)
Total	5.9	2.9	1.2	(1.0)	35.8	35.8	0.0

	Q2:FY14 Actual	*Q2:FY15 Actual*	*% change*
Total number of stores	1 368	1 458	6.6
Average retail space ('000 sqm)	1 474	1 554	5.4
Customer credit accounts ('000s)(4)	3 709	3 481	(6.1)

(1) Like-for-like sales (same store sales).
(2) Q2:FY15 % change on Q2:FY14.
(3) On a constant currency basis retail sales growth is 21.5% and LFL growth is 16.5% in Q2:FY15.
(4) Excludes Edgars Zimbabwe customer credit accounts Q2:FY15 of 205 000 and Q2:FY14 of 134 000.

Edgars

The Edgars division grew retail sales 3.0% for the second quarter 2015 when compared to the second quarter 2014. Total cash sales growth continued to be strong, increasing 17.0%, however credit sales growth declined by 8.3%. Same-store sales were lower by 1.7% compared to the second quarter 2014.

Average space increased 6.7% when compared to the second quarter 2014. During the quarter, three new Edgars stores, five new Edgars Active stores, one more Edgars Shoe Gallery store, one Edgars Sale store and 11 mono-branded stores were opened. During the same period there were three closures (one Edgars, one Boardmans and one Inglot store), bringing the total number of stores in the Edgars division to 510.

Gross margin was 38.2% for the second quarter 2015 down marginally from 38.6% for the second quarter 2014 due to the elevated clearance activity required since the third quarter 2014.

Discount

The Discount division's sales increased by 2.0% and same store sales were 1.0% lower for the second quarter 2015 compared to the second quarter 2014. The growth in the quarter was lower than anticipated with cash sales growth of 7.0%, while credit sales growth declined by a further 5.5%.

Average space increased by 5.0% when compared to the second quarter 2014. During the quarter four new Jet stores, three new Legit stores and one new Jet Mart store was opened whilst two stores were closed (one Jet and one Jet Mart) bringing the total number of stores in the Discount division to 702.

The gross profit margin increased from 32.3% in the second quarter of 2014 to 32.7% in the second quarter of 2015, despite clearance activity.

CNA

CNA sales decreased 3.7% and same store sales were 4.6% lower for the second quarter 2015 compared to the second quarter 2014 primarily due to the performance of digital merchandise. The total number of stores at the end of the period was 193 while average space decreased by 4.5% as right-sizing of stores continued. Gross margin remained largely unchanged at 30.8% for the second quarter 2015 from 30.9% in the second quarter 2014.

African expansion

Expansion outside of South Africa continued to deliver sound results. Sales from countries other than South Africa grew 12.2% over the second quarter 2015, and contributed 12.4% (9.5% excluding Zimbabwe) of retail sales for the second quarter 2015, up from 11.4% (9.1% excluding Zimbabwe) in the prior comparative period. Edcon now has 188 stores outside of South Africa (including 53 in Zimbabwe), which is an increase of 5 stores (3 in Zimbabwe) over the quarter. On 2 November 2014, Edcon opened its first store in Accra, Ghana, the start of operations outside of the Southern African region. The new stores included an Edgars store with the shop-in-shop concept for key international brands, only recently rolled out in South Africa. The steady progress made continues to deliver ahead of expectations and Edcon is committed to growing its presence through mainly its Jet, Jet Mart, Legit, Edgars Active and to a lesser extent Edgars store chains.

Credit and financial services

Currently R382 million of the net trade receivables book is classified as held-for-sale. The held-for-sale receivables relate only to non-South African jurisdictions and we have a high level of confidence that they will be sold or collected. The R270 million in trade accounts receivable, separately classified, relates primarily to the Zimbabwean book, which was never part of the sale to Absa and is separately managed and funded. Edcon, excluding Edgars Zimbabwe, ended the second quarter 2015 with 228 thousand fewer customers able to access credit than the second quarter 2014. On a twelve month rolling basis, credit sales (excluding Zimbabwe) decreased from 49.0% in the prior comparative period to 44.6% of total retail sales.

Income from the insurance joint operation’s profitability decreased by 8.7% from the prior comparative quarter to R168 million for the second quarter 2015. Revenue growth for the second quarter 2015 was marginally up on the prior comparative period despite a lower number of credit customers as a store credit facility is a prerequisite for a policy. However, insurance profitability was impacted by an increase in claims during this tougher economic environment.

Financial review

Summary financial information

	Second quarter (unaudited)		
Rm	*2014*	*2015*	*% change*
Total revenues(1)	6 476	6 639	2.5
Retail sales	6 017	6 190	2.9
Gross profit	2 154	2 215	2.8
Gross profit margin (%)	35.8	35.8	0.0pnt
Pro forma adjusted EBITDA(2)	481	486	1.0
Capital expenditure	510	270	(47.1)
Net debt including cash and derivatives	20 925	23 555	12.6
LTM pro forma adjusted EBITDA (reported)	2 859	2 644	(7.5)
Permanent adjustments(3)	152	193	
LTM pro forma adjusted EBITDA (inc. cost savings)	3 011	2 837	(5.8)
Net debt/LTM pro forma adjusted EBITDA (inc. cost savings) (4)	6.7	8.2	1.5x

(1) Excludes discontinued operations.
(2) See notes on pro forma adjusted EBITDA below.
(3) Full year impact of remaining permanent cost savings not included in Q2:FY15 LTM pro forma adjusted EBITDA: Corporate and operational overhead reductions of R110m and renegotiation of contracts of R83m.
(4) Pro forma net debt is R20,207m at Q2:FY14 and R23,187m at Q2:FY15.

Revenues

Total revenues increased by 2.5%, impacted mainly by the weaker income from the insurance joint operation and CNA. Same store sales decreased 1.0%. Cash sales for the Group increased a robust 8.7%, while credit sales decreased 3.8%.

Retail gross profit

Gross profit growth increased in line with retail sales, at 2.8% despite clearance activity and the Group was less impacted by product mix variance. Gross profit margin remained flat at 35.8%.

Pro forma adjusted EBITDA

The following table reconciles trading profit to adjusted EBITDA and pro forma adjusted EBITDA:

	Second quarter (unaudited)		
Rm	*2014*	*2015*	*% change*
Trading profit	161	135	
Depreciation and amortisation	286	263	
Net asset write off(1)	2	3	
Profit from discontinued operations(2)	1	25	
Non-recurring costs(3)	46	93	
Adjusted EBITDA	496	519	
Net income from previous card programme(4)	(28)	(35)	
Net income from new card programme(5)	13	2	
Pro forma adjusted EBITDA(6)	481	486	1.0

(1) Relates to assets written off in connection with store conversions, net of related proceeds.
(2) The results of discontinued operations are included before tax.
(3) Relates to costs associated with the sale of the trade receivables book in Q2:FY14 of R36m and Q2:FY15 of R34m, costs associated with corporate and operational overhead reductions in Q2:FY14 of R10m and Q2:FY15 of R6m, as well as onerous lease charges of R53m in Q2:FY15.
(4) Net income derived from 100% of the trade receivables including finance charges revenue, bad debts and provisions.
(5) Pro forma fee earned by Edcon under the new arrangement with Absa.
(6) The pro forma adjustments have been made as though 100% of the book was sold through the entire period.

Costs

Rm	Second quarter (unaudited) 2014	2015	% change
Store costs	1 320	1 506	14.1
Other operating costs(1)	943	813	(13.7)
Store card credit administration costs(2)	127	113	(11.0)
Non-recurring costs(3)	46	93	102.2

(1) Other operating costs as per consolidated financial statements, before costs in notes (2) and (3) below.
(2) Relates to costs associated with the administration of the store credit card funded by Absa or Edcon and not in discontinued operations.
(3) Relates to costs associated with the sale of the trade receivables book in Q2:FY14 of R36m and Q2:FY15 of R34m, costs associated with corporate and operational overhead reductions in Q2:FY14 of R10m and Q2:FY15 of R6m, as well as onerous lease charges of R53m in Q2:FY15.

Total store costs increased by R186 million, or 14.1%, from R1,320 million in the second quarter 2014 to R1,506 million in the second quarter 2015, mainly due to higher rental cost which increased by 15.4%. Manpower costs remain well managed following the restructuring and increased at 5.1%. Rental and manpower constituted 59.6% of total costs for the second quarter of 2015.

Other operating costs, excluding non-recurring and store card credit administration costs, decreased by R130 million, or 13.8%, from R943 million in the second quarter 2014 to R813 million in the second quarter 2015. This is a continuation of the progress made in the first quarter of 2015 in controlling overhead costs. Income from Absa for administering the trade receivables book purchased of R87 million is included in other income.

Depreciation and amortisation

The depreciation and amortisation charge for the second quarter 2015 decreased by 8.0% to R263 million due to certain intangible assets, which were raised following the acquisition by Bain in 2007, now being fully amortised.

Net financing costs

Rm	Second quarter (unaudited) 2014	2015	% change
Interest received	3	4	
Financing costs	(657)	(853)	
Net financing costs	(654)	(849)	29.8

Net financing costs increased by R195 million, or 29.8%, from R654 million in the second quarter 2014 to R849 million in the second quarter 2015. This increase is primarily as a result of higher debt levels and higher effective interest rates.

Foreign exchange management

Edcon applies a strategy of hedging all committed foreign denominated orders, the impact of which appears below the trading profit line. These forward contracts and some inflation in selling prices have absorbed the impact of a weaker rand when compared to the same period in the prior year.

	Second quarter (unaudited)		
Rm	*2014*	*2015*	% change
Derivative gains/(losses)	141	(87)	
Foreign exchange (losses)/gains	(588)	37	
Fair value adjustment for put option		10	
Net movement	(447)	(40)	91.1

Edcon manages its foreign exchange risk on liabilities on an ongoing basis. At the end of the second quarter 2015, 77% of the total gross debt is hedged by virtue of it being denominated in ZAR or through hedging with foreign currency call options, whilst 23%, or €425 million of the fixed rate senior notes maturing in 2019, is unhedged. During the quarter, the ZAR appreciated marginally against the EUR from EUR:R14.45 to EUR:R14.24, which was more favourable compared to the prior year when the ZAR depreciated 5.8% against the EUR from EUR:R12.86 to EUR:R13.60. The net movement decreased to R40 million due to less closing price movements and fewer changes to derivative hedging of the debt over the period.

Cash flow

Operating cash inflow before changes in working capital increased by R67 million from R426 million in the second quarter 2014 to R493 million in the second quarter 2015 mainly due to improved trading performance.

Cash flow from working capital increased to a positive R310 million in the second quarter 2015, compared to a decrease of R65 million in the second quarter 2014 attributable to:

(i) A net decrease in trade receivables of R286 million in the second quarter 2015 compared to a decrease of R110 million in the second quarter 2014 due to the R314 million cash receipt from the sale of the Namibian tranche of the trade receivables on 1 July 2014;

(ii) An increase in other receivables and prepayments of R39 million in the second quarter 2015 compared to an increase of R51 million in the second quarter 2014;

(iii) An increase in inventory of R140 million in the second quarter 2015 compared to an increase of R218 million in the second quarter 2014 mainly due to a more conservative approach to receipting December inventory; and

(iv) An increase in trade and other payables of R203 million in the second quarter 2015 compared to an increase of R94 million in the second quarter 2014 as payables are being used more effectively.

Due mainly to the improvements in working capital, operating activities generated cash of R803 million, R442 million higher than the R361 million in the prior comparative period. This is prior to the utilisation of cash for financing costs and investment activities. We continue to pursue opportunities to optimise our working capital and capital allocation.

Capital expenditure

Rm	Second quarter (unaudited) 2014	2015	% change
Edgars	356	171	
Expansion	*56*	*35*	
Refurbishment	*300*	*136*	
Discount	64	42	
Expansion	*24*	*8*	
Refurbishment	*40*	*34*	
CNA	5	2	
Edgars Zimbabwe	21	5	
IT	64	50	
	510	270	(47.1)

Capital expenditure decreased by R240 million to R270 million in the second quarter 2015, from R510 million in the second quarter 2014. In the second quarter 2015, 37 new stores were opened which, combined with store refurbishments, resulted in investments in stores of R215 million, compared to the second quarter 2014 where we opened 32 new stores (excluding 4 conversions) resulting in an investment in stores of R425 million. Edcon invested R50 million in information systems infrastructure in the second quarter 2015 compared to R64 million in the second quarter 2014.

The Group is still planning to spend approximately R1,051 million on capital expenditure in fiscal year 2015. With all the planned catch up capex implemented by the end of fiscal year 2015 total capex spend is expected to normalise in fiscal year 2016.

Net debt, liquidity and capital resources

The primary source of short-term liquidity is cash on hand and the revolving credit facility. The amount of cash on hand and the outstanding balance on the revolving credit facility are influenced by a number of factors, including retail sales, working capital levels, supplier and debt service payment terms, timing of payments for capital expenditure projects and tax payment requirements. Working capital requirements fluctuate during each month, depending on when suppliers are paid and when sales are generated, and throughout the year depending on the seasonal build-up of net working capital. Edcon funds peaks in the working capital cycle, which typically peak in October and March, with cash flows from operations, drawings under our revolving credit facility and other initiatives.

Rm[3]		Second quarter (unaudited) 2014	2015
Super senior secured			
ZAR Revolving credit facility[1]		1 406	1 601
ZAR Floating rate notes due 4 April 2016	*J+625bps*	1 010	1 002
Senior secured			
ZAR term loan due 16 May 2017	*J+700bps*	3 994	4 036
EUR fixed rate note due 1 March 2018	*9.5%*	8 085	8 536
USD fixed rate note due 1 March 2018	*9.5%*	2 463	2 772
Deferred option premium		587	1 178
Lease liabilities		294	382
Senior			
EUR floating rate notes due 15 June 2015	*E+550bps*	5 104	
EUR fixed rate notes due 30 June 2019	*13.375%*		5 835
Other loans[2]		168	203
Gross debt		**23 111**	**25 545**
Derivatives		(1 800)	(1 498)
Cash on hand		(386)	(492)
Net debt		**20 925**	**23 555**

(1) The total limit under the super senior revolving credit facility is R3,717m which matures on 31 December 2016. The maximum utilisation of the revolving credit facility during the second quarter 2015 was R2,458m. At the end of the period R454m of the facilities were utilised for guarantees and LC's.
(2) The portion of this debt relating to Zimbabwe was R184m in Q2:FY15 and R165 million in Q2:FY14.
(3) FX rates at end Q2:FY14 were R10.02:$ and R13.60:€ and at end Q2:FY15 were R11.22:$ and R14.24:€.

The total net debt increased R889 million from the end of the first quarter 2015, mainly due to the utilisation of the revolving credit facility.

Edcon believes that operating cash flows, amounts available under the revolving credit facility, proceeds from the sale of our trade receivables and other initiatives will be sufficient to fund debt service obligations and operations, including capital expenditure and contractual commitments in the coming twelve months.

Events after the reporting date

During November 2014, the Group restructured certain cross currency swaps and foreign currency call options to provide cover on all coupons and ninety percent of the principal of the senior secured fixed rate notes due 2018, until December 2015.

Consolidated Financial Statements

Edcon Holdings Limited ("Edcon")

Consolidated Statement of Financial Position (unaudited)

	2014 27 September Rm	2014 29 March Rm	2013 28 September Rm
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	**3 293**	3 157	3 054
Intangible assets	**16 264**	16 388	16 585
Employee benefit asset	**134**	178	66
Derivative financial instruments	**683**	724	1 015
Deferred taxation	**690**	387	45
Total non-current assets	**21 064**	20 834	20 765
Current assets			
Inventories	**4 302**	4 436	4 108
Trade receivables	**270**	323	222
Other receivables and prepayments	**754**	774	596
Derivative financial instruments	**911**	1 297	922
Cash and cash equivalents	**492**	410	386
	6 729	7 240	6 234
Assets classified as held-for-sale	**404**	651	683
Total current assets	**7 133**	7 891	6 917
Total assets	**28 197**	28 725	27 682
EQUITY AND LIABILITIES			
Share capital and premium	**2 155**	2 155	2 153
Other reserves	**58**	117	95
Retained loss	**(15 438)**	(14 314)	(13 302)
Shareholder’s loan – equity	**8 311**	8 290	8 290
Equity attributable to shareholders	**(4 914)**	(3 752)	(2 764)
Non-controlling interests	**99**	93	85
Total equity	**(4 815)**	(3 659)	(2 679)
Non-current liabilities – shareholder’s loan			
Shareholder’s loan	**798**	797	843
Total equity and shareholder’s loan	**(4 017)**	(2 862)	(1 836)
Non-current liabilities – third parties			
Interest-bearing debt	**22 303**	22 373	20 787
Deferred option premium	**936**	811	280
Finance lease liability	**345**	262	267
Lease equalisation	**547**	402	457
Employee benefit liability	**181**	176	189
Option liability	**63**	67	
Derivative financial instruments	**5**	-	-
Deferred taxation	**56**	74	156
Deferred revenue	**56**	64	68
	24 492	24 229	22 204
Total non-current liabilities	**25 290**	25 026	23 047
Current liabilities			
Interest-bearing debt	**1 682**	1 270	1 443
Deferred option premium	**242**	291	307
Finance lease liability	**37**	11	27
Current taxation	**15**	37	76
Deferred revenue	**90**	114	98
Derivative financial instruments	**28**	24	137
Trade and other payables	**5 628**	5 611	5 226
Total current liabilities	**7 722**	7 358	7 314
Total equity and liabilities	**28 197**	28 725	27 682
Total managed capital per IAS 1	**20 350**	21 054	20 688

Consolidated Quarterly Statement of Comprehensive Income (unaudited)

	Note	2014 13 weeks to 27 September Rm	2013 13 weeks to 28 September Rm
Continuing operations			
Total revenues		**6 639**	6 476
Revenue - retail sales		**6 190**	6 017
Cost of sales		**(3 975)**	(3 863)
Gross profit		**2 215**	2 154
Other income		**277**	259
Store costs		**(1 506)**	(1 320)
Other operating costs		**(1 019)**	(1 116)
Share of profits from insurance business		**168**	184
Trading profit		**135**	161
Derivative (losses)/gains		**(87)**	141
Foreign exchange gains/(losses)		**37**	(588)
Fair value adjustment for put option		**10**	
Profit/(loss) before net financing costs		**95**	(286)
Finance income		**4**	3
Profit/(loss) before financing costs		**99**	(283)
Financing costs		**(853)**	(657)
Loss before taxation from continuing operations		**(754)**	(940)
Taxation		**117**	221
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(637)**	(719)
Discontinued operations			
Profit after tax for the period from discontinued operations	4	**18**	1
LOSS FOR THE PERIOD		**(619)**	(718)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**12**	7
(Loss)/gain on cash flow hedges		**(26)**	14
Other comprehensive income for the period after tax		**(14)**	21
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(633)**	(697)
(Loss)/profit attributable to:			
Owners of the parent		**(627)**	(724)
Non-controlling interests		**8**	6
		(619)	(718)
Total comprehensive income attributable to:			
Owners of the parent		**(641)**	(703)
Non-controlling interests		**8**	6
		(633)	(697)

Consolidated Half-Year Statement of Comprehensive Income (unaudited)

	Note	**2014** **26 weeks to** **27 September** **Rm**	2013 26 weeks to 28 September Rm
Continuing operations			
Total revenues	**3**	**13 642**	13 091
Revenue - retail sales		**12 751**	12 222
Cost of sales		**(8 078)**	(7 656)
Gross profit		**4 673**	4 566
Other income		**538**	502
Store costs		**(2 973)**	(2 615)
Other operating costs		**(2 085)**	(2 254)
Share of profits from insurance business		**345**	358
Trading profit		**498**	557
Derivative (losses)/gains		**(285)**	464
Foreign exchange gains/(losses)		**85**	(1 587)
Fair value adjustment for put option		**4**	
Profit/(loss) before net financing costs		**302**	(566)
Finance income		**8**	9
Profit/(loss) before financing costs		**310**	(557)
Financing costs		**(1 695)**	(1 276)
Loss before taxation from continuing operations		**(1 385)**	(1 833)
Taxation		**250**	413
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(1 135)**	(1 420)
Discontinued operations			
Profit/(loss) after tax for the period from discontinued operations	4	**17**	(10)
LOSS FOR THE PERIOD		**(1 118)**	(1 430)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**14**	28
(Loss)/gain on cash flow hedges		**(73)**	127
Other comprehensive income for the period after tax		**(59)**	155
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(1 177)**	(1 275)
(Loss)/profit attributable to:			
Owners of the parent		**(1 124)**	(1 438)
Non-controlling interests		**6**	8
		(1 118)	(1 430)
Total comprehensive income attributable to:			
Owners of the parent		**(1 183)**	(1 283)
Non-controlling interests		**6**	8
		(1 177)	(1 275)

Consolidated Statement of Changes in Equity (unaudited)

	Share capital and premium Rm	Foreign currency translation reserve Rm	Cash flow hedging reserve Rm	Revaluation surplus Rm	Retained loss Rm	Shareholder's loan Rm	Non-controlling interests Rm	Total equity Rm
Balance at 30 March 2013	2 153	(31)	(37)	8	(11 864)	8 290	68	(1 413)
(Loss)/profit for the period					(1 438)		8	(1 430)
Other comprehensive income for the period		28	127					155
Total comprehensive income		28	127		(1 438)		8	(1 275)
Acquisition of subsidiaries							9	9
Balance at 28 September 2013	2 153	(3)	90	8	(13 302)	8 290	85	(2 679)
Balance at 29 March 2014	2 155	10	99	8	(14 314)	8 290	93	(3 659)
(Loss)/profit for the period					(1 124)		6	(1 118)
Other comprehensive income for the period		14	(73)					(59)
Total comprehensive income		14	(73)		(1 124)		6	(1 177)
Reclassification in shareholder loan						21		21
Balance at 27 September 2014	**2 155**	**24**	**26**	**8**	**(15 438)**	**8 311**	**99**	**(4 815)**

Consolidated Quarterly Statement of Cash Flows (unaudited)

	2014 13 weeks to 27 September Rm	2013 13 weeks to 28 September Rm
Cash retained from operating activities		
Loss before taxation from continuing operations	**(754)**	(940)
Profit before taxation from discontinued operations	**25**	1
Finance income	**(4)**	(3)
Finance costs	**853**	657
Derivative losses/(gains)	**87**	(141)
Deferred revenue	**(22)**	(28)
Foreign exchange (gains)/losses	**(39)**	588
Fair value adjustment for put option	**(10)**	
Amortisation of intangible assets	**59**	89
Depreciation	**204**	197
Net loss on disposal of properties, fixtures, equipment and vehicles	**3**	2
Onerous leases	**53**	
Other non-cash items	**38**	4
Operating cash inflow before changes in working capital	**493**	426
Working capital movement	**310**	(65)
Increase in inventories	**(140)**	(218)
Increase in trade accounts receivable	**(28)**	(4)
Proceeds from sale of trade accounts receivable	**314**	114
Increase in other receivables and prepayments	**(39)**	(51)
Increase in trade and other payables	**203**	94
Cash inflow from operating activities	**803**	361
Finance income received	**4**	3
Financing costs paid	**(1 277)**	(830)
Taxation paid	**(52)**	(9)
Net cash outflow from operating activities	**(522)**	(475)
Cash utilised in investing activities		
Investment in property, plant and equipment and vehicles	**(198)**	(429)
Proceeds on disposal of property, fixtures, equipment and vehicles	**16**	2
Acquisition of subsidiaries	**(2)**	(25)
Other investing activities		(36)
Net cash outflow from investing activities	**(184)**	(488)
Cash effects of financing activities		
Settlement of derivatives		(3)
Increase in interest-bearing debt	**714**	881
Decrease in finance lease liability	**(23)**	(9)
Net cash inflow from financing activities	**691**	869
(Decrease) in cash and cash equivalents	**(15)**	(94)
Cash and cash equivalents at the beginning of the period	**496**	480
Currency adjustments	**11**	-
Cash and cash equivalents at the end of the period	**492**	386

Consolidated Half-Year Statement of Cash Flows (unaudited)

	2014 26 weeks to 27 September Rm	2013 26 weeks to 28 September Rm
Cash retained from operating activities		
Loss before taxation from continuing operations	**(1 385)**	(1 833)
Profit/(loss) before taxation from discontinued operations	**23**	(14)
Finance income	**(8)**	(9)
Finance costs	**1 695**	1 276
Derivative losses/(gains)	**285**	(464)
Deferred revenue	**(45)**	(26)
Foreign exchange (gains)/losses	**(100)**	1 587
Fair value adjustment for put option	**(4)**	
Amortisation of intangible assets	**126**	167
Depreciation	**400**	387
Net loss on disposal of properties, fixtures, equipment and vehicles	**6**	2
Onerous leases	**53**	
Other non-cash items	**62**	51
Operating cash inflow before changes in working capital	**1 108**	1 124
Working capital movement	**603**	432
Decrease/(increase) in inventories	**128**	(312)
(Increase)/decrease in trade accounts receivable	**(13)**	53
Proceeds from sale of trade accounts receivable	**314**	575
Increase in other receivables and prepayments	**(37)**	(53)
Increase in trade and other payables	**211**	169
Cash inflow from operating activities	**1 711**	1 556
Finance income received	**6**	9
Financing costs paid	**(1 639)**	(1 039)
Taxation paid	**(68)**	(10)
Net cash inflow from operating activities	**10**	516
Cash utilised in investing activities		
Investment in property, plant and equipment and vehicles	**(443)**	(675)
Proceeds on disposal of property, fixtures, equipment and vehicles	**132**	2
Acquisition of subsidiaries	**(2)**	(25)
Other investing activities		(38)
Net cash outflow from investing activities	**(313)**	(736)
Cash effects of financing activities		
Settlement of derivatives		651
Increase/(decrease) in interest-bearing debt	**415**	(741)
Decrease in finance lease liability	**(26)**	(19)
Net cash inflow/(outflow) from financing activities	**389**	(109)
Increase/(decrease) in cash and cash equivalents	**86**	(329)
Cash and cash equivalents at the beginning of the period	**410**	710
Currency adjustments	**(4)**	5
Cash and cash equivalents at the end of the period	**492**	386

Condensed notes to the Consolidated Financial Statements (unaudited)

1. Basis of preparation

Basis of accounting

Edcon Holdings Limited's Consolidated Financial Statements ("Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") and stated in Rands ("R").

These Financial Statements are presented in accordance with IAS 34 *Interim Financial Reporting*. Accordingly, note disclosures normally included in the annual financial statements have been condensed or omitted.

These Financial Statements have not been audited or reviewed by an auditor. In the opinion of management, all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods have been made.

In preparing these Financial Statements, the same accounting principles and methods of computation are applied as in the Audited Group Consolidated Financial Statements of Edcon Holdings Limited on 29 March 2014 and for the period then ended except those relating to new and amended standards and interpretations.

These Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at and for the period ended 29 March 2014 as included in the 2014 Audited Consolidated Annual Financial Statements of Edcon Holdings Limited.

Comparability

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial period, except for the following new and amended IFRS standards and IFRIC interpretations effective as of 29 March 2014.

- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
- IFRIC Interpretation 21, Levies
- Recoverable Amount Disclosures from Non-Financial Assets – Amendments to IAS 36

These new and amended IFRS's and IFRIC's have had no material impact on the Financial Statements.

Significant movements on the Consolidated Statement of Financial Position

Assets classified as held-for-sale
Trade accounts receivable classified as held-for-sale have decreased from R651 million at 29 March 2014 to R404 million at 27 September 2014 mainly as a result of the sale of the Namibian private label store card portfolio to Absa in July 2014.

Current interest-bearing debt
The current interest-bearing debt increased by R412 million from R1 270 million at 29 March 2014 to R1 682 million at 27 September 2014 due to increasing inventory levels ahead of the Christmas trading period and for the roll out of new stores during the period.

Derivative financial instruments
The Group's net derivative financial instruments at 27 September 2014 was an asset of R1 561 million compared to an asset of R1 997 million at 29 March 2014. The decrease is mainly attributable to fluctuations in the exchange rate of the Rand against the Euro and US Dollar.

Shareholder loan
At 27 September 2014, R21 million has been reclassified from the shareholder's loan non-current liability to the shareholder's loan in equity, as a result of recalculating the net present value of the loan payable to the shareholder due to the loan becoming interest-free in February 2012.

1. Basis of preparation *(continued)*

Going concern

The Consolidated Statement of Financial Position at 27 September 2014 reports share capital and premium of R2 155 million in equity attributable to shareholders and a shareholder's loan recognised in equity of R8 311 million offset by an accumulated retained loss of R15 438 million and a net credit of R58 million in other reserves, resulting in negative equity attributable to shareholders at 27 September 2014 of R4 914 million. After considering non-controlling interests of R99 million, total equity of the Group is a deficit of R4 815 million. The shareholder's loan of R9 109 million has been subordinated to the claims of all the creditors of the Group and the total negative equity and shareholder's loan is R4 017 million.

Notwithstanding the fact that the Group's liabilities exceed its assets in accordance with IFRS, the Consolidated Financial Statements have been prepared on the going-concern basis as the Group's assets at fair value exceed the liabilities. The directors believe that the Group will have adequate resources to continue in operation for the coming 12 months and is considered both solvent and liquid. Further, the directors have considered the headroom under the loan covenants and believe that the headroom is adequate.

		2014 26 weeks 27 September Rm	2013 26 weeks 28 September Rm
2.	**SEGMENTAL RESULTS**		
2.1	**Revenues**		
	Edgars	**6 640**	6 347
	CNA	**891**	904
	Discount	**5 164**	4 975
	Edgars Zimbabwe[1]	**342**	277
	Manufacturing	**73**	56
	Credit and Financial Services	**524**	523
	Group Services	**8**	9
		13 642	13 091
2.2	**Retail sales**		
	Edgars	**6 481**	6 191
	CNA	**891**	904
	Discount	**5 056**	4 863
	Edgars Zimbabwe[1]	**323**	264
		12 751	12 222
2.3	**Number of stores**		
	Edgars	**510**	466
	CNA	**193**	194
	Discount	**702**	666
	Edgars Zimbabwe[1]	**53**	42
		1 458	1 368
2.4	**Operating profit/(loss) from continuing operations**		
	Edgars	**609**	803
	CNA	**(13)**	6
	Discount	**520**	520
	Edgars Zimbabwe[1]	**27**	24
	Manufacturing	**(17)**	-
	Credit and Financial Services	**492**	481
	Group Services[2]	**(1 316)**	(2 400)
		302	(566)

[1] Edgars Zimbabwe has been disclosed as a separate segment as the business activities are monitored separately.
[2] Included in the allocation to the Group Services segment is corporate overheads, derivative gains or losses, foreign exchange gains or losses and amortisation of intangible assets and additional depreciation as a result of the private equity transaction in 2007 and transitional projects related expenditure.

	2014 26 weeks 27 September Rm	2013 26 weeks 28 September Rm
3. REVENUES		
Retail sales	**12 751**	12 222
Club fees	**267**	268
Finance charges on trade receivables	**38**	34
Share of profits from insurance business	**345**	358
Finance income	**8**	9
Administration fee	**160**	144
Manufacturing sales to third parties	**73**	56
	13 642	13 091

4. DISCONTINUED OPERATIONS

On 6 June 2012, the Group announced the intended sale of its private label store card to Absa as well as the implementation of a long-term strategic agreement. On 1 November 2012, all conditions required for the first closing of the South African trade accounts receivable sale were satisfied and R8,667 million of the South African private label store card portfolio was sold to Absa. On 30 April 2013 and 30 June 2013, all conditions required for the second and third closing of the South African trade accounts receivable sale were satisfied and R461 million and R114 million, respectively, was sold to Absa. On 1 July 2014, R314 million of the Namibian private label store card portfolio was sold to Absa.

The card portfolio in Lesotho, Botswana, Swaziland and the remaining portfolio in Namibia, is still expected to be sold or collected. These trade receivables have been classified as held-for-sale in the Consolidated Statement of Financial Position.

The results of the discontinued operation are as follows:

	2014 13 weeks 27 September Rm	2013 13 weeks 28 September Rm	**2014 26 weeks 27 September Rm**	2013 26 weeks 28 September Rm
Total revenues	**31**	41	**73**	79
Income from credit	**31**	41	**73**	79
Expenses from credit	**(6)**	(40)	**(50)**	(93)
Trading profit/(loss) before taxation	**25**	1	**23**	(14)
Taxation	**(7)**	-	**(6)**	4
Profit/(loss) for the period	**18**	1	**17**	(10)

5. FINANCIAL INSTRUMENTS

The Group uses a three-level hierarchy to prioritise the inputs used in measuring fair value. Level 1 has the highest priority and level 3 has the lowest. Fair value is principally applied to financial assets and financial liabilities. These are measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which these measurements fall.

The following table presents the Group's assets and liabilities that are measured at fair value at the period end:

	Total – level 2 Rm
27 September 2014	
Financial assets	
Cross currency swaps	**616**
Foreign currency call options	**978**
Total financial assets	**1 594**
Financial liabilities	
Option liability	**63**
Cross currency swaps	**33**
Total financial liabilities	**96**
29 March 2014	
Financial assets	
Cross currency swaps	769
Foreign currency call options	1 252
Total financial assets	2 021
Financial liabilities	
Option liability	67
Cross currency swaps	24
Total financial liabilities	91
28 September 2013	
Financial assets	
Cross currency swaps	919
Foreign currency call options	997
Foreign currency forward contracts	21
Total financial assets	1 937
Financial liabilities	
Interest rate swaps	39
Cross currency swaps	98
Total financial liabilities	137

The above are classified as level 2 inputs. No financial instruments at 27 September 2014, 29 March 2014 and 28 September 2013 have been classified as either level 1 or level 3 inputs in the hierarchy. The fair value under level 2 is based on observable inputs such as quoted prices for similar financial assets or financial liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the financial assets or financial liabilities.

5. FINANCIAL INSTRUMENTS *(continued)*

All financial instruments have been recognised in the Consolidated Statement of Financial Position and there is no material difference between their fair values and carrying values, except for the notes issued.

The following methods and assumptions were used by the Group in establishing fair values:

Liquid resources, trade accounts receivable and loans: the carrying amounts reported in the statement of financial position approximate fair values due to the short period to maturity of these instruments.

Short-term interest-bearing debt: the fair values of the Group's loans are estimated using discounted cash flow analyses applying the RSA yield curve. The carrying amount of short-term borrowings approximates their fair value, due to the short period to maturity of these instruments.

Notes issued: the notes issued are fair valued based on the exchange rate ruling at the reporting date. The market values at 27 September 2014 was R11 801 million (29 March 2014 R16 869 million and 28 September 2013 R15 174 million) and have been determined based on the closing prices of the relevant stock exchange.

Derivative financial instruments: foreign currency forward exchange contracts are entered into to cover import orders, and fair values are determined using foreign exchange market rates at 27 September 2014. Foreign currency forward contracts, foreign currency call options, cross currency swaps and interest rate swaps are entered into to hedge interest rate and foreign exchange rate exposure of interest-bearing debt and fair values are determined using market related rates at 27 September 2014.

6. EVENTS AFTER THE REPORTING DATE

During November 2014, the Group restructured certain cross currency swaps and foreign currency call options to provide cover on all coupons and ninety percent of the principal of the senior secured fixed rate notes due 2018, until December 2015.

Corporate Information

Edcon Holdings Limited
Incorporated in the Republic of South Africa
Registration number 2006/036903/06

Non-executive directors
DM Poler* (Chairman), EB Berk*, MS Levin*, ZB Ebrahim₸, DH Brown₸, TF Mosololi₸, LL von Zeuner₸, RB Daniels* (appointed 7 June 2014).

Executive directors
J Schreiber *** (Managing Director and Chief Executive Officer), T Clerckx** (Chief Financial Officer), Dr U Ferndale (Chief Operations Officer).

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₸ Independent Non – Executive Director

Group Secretary
CM Vikisi

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